



TOWN OF HIGH RIVER POLICY

Policy Number:	POL-16-108-00
Policy Name:	Procurement Policy
Related Procedure Number:	PRO-16-200-00
Related Procedure Name:	Purchasing Card Procedure
Approval Date:	September 23, 2013
Revision Date:	
Policy Category:	Procurement
Responsible Department:	Financial Services

Policy Statement

The Town of High River is committed to fair, equitable and competitive Procurement practices.

The methods used are to be in accordance with the applicable laws, trade agreements, regulations and the highest standards of professional business conduct.

Preference is given to local firms and the Procurement of Canadian Goods and Services when all other factors are equal. It is not intended that the Town subsidize any firm local or otherwise.

For each Procurement agreement, the Town will ensure that performance and risk criteria are met by all Vendors, including suitable bonding and security provisions where appropriate.

Purpose

- a. To minimize operational costs, duplication of effort, and/or Procurement delays;
- b. To comply with environmental, safety or trade-related policies and agreements, thereby minimizing the potential for legal challenges and/or penalties to the Town;
- c. To avoid loss of reputation for the Town if Procurement practices are perceived to be non-transparent; and
- d. To ensure proper authorization of all Procurement for the Town.

Definitions

Budget – a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by Council.

Civic Partners – the not-for-profit organizations that have a formal and/or legal relationship with the Town to provide services or programs in conjunction with or on behalf of the Town.

Contractor – a person or business that follows an independent trade, business, or profession in which they provide Goods and Services to the public.

Goods and Services - includes supplies, materials and equipment of every kind required to carry out the operations of the Town. Services include Contractors, consultants and other non-material requirements.

Initiating Department – the office or department that initiates the Procurement of Goods and Services on behalf of the Town of High River.

Invitation to Tender – a request for bids for prices on specific Goods and Services from a Vendor submitted in writing.

Procurement – the purchase, rental, lease, or conditional sale of Goods and Services.

Purchasing Agent - Staff member responsible to assist the Initiating Department in selection and Procurement of Goods and Services by gathering and screening information about products, prices, and suppliers. In the absence of the Purchasing Agent responsibilities will fall to the Initiating Department.

Request for Proposal (RFP) – a request for bids as to how the Vendor would address the need identified in the Request for Proposal document.

Request for Quotation – a request for bids for prices on specific Goods and Services from a Vendor submitted in writing.

Sole Source – the Procurement of Goods and Services when there is only one available Vendor of the required Goods and Services that meets the needs of the Town. Negotiations is used to complete the terms and conditions of this type of Procurement.

Town – the corporation of the Town of High River.

Vendor – the provider of Goods and Services by purchase, rental or lease.

Related Documents

- a. Federal and Provincial laws
- b. Income tax laws and regulations
- c. Goods and Services tax laws and regulations
- d. *Occupational Health and Safety Act*
- e. Workers Compensation
- f. *Freedom of Information and Protection of Privacy Act*
- g. *Municipal Government Act* of Alberta
- h. Municipal Bylaws and Council Policies
- i. National Agreement on Internal Trade
- j. New West Partnership Trade Agreement

Scope

This policy applies to:

- a. Town employees and or Contractors that requisition Goods and Services on behalf of the Town.
- b. Civic partners that use the Town to procure Goods and Services.

The Budget of The Town is approved annually by Council in accordance with S.242 (1) and S.245 of the Municipal Government Act. The Budget has two components: Operating, to provide funding for

the day to day operations of the Town; and Capital intended to provide for major repairs, replacements, upgrades or new investment in the Town's fixed assets.

a. **Operating Budget**

Each Manager is responsible to carry out the out the mandate of their department within its approved operating budget and Council and Town objectives. Where an unbudgeted expenditure is necessary and may result in the overall departmental budget being over expended, the purchase must be approved by the Town Manager. Capital purchases may not be made from the operating budget.

b. **Capital Budget**

Managers are responsible to carry out mandated capital projects and procurement within their Council approved capital budget. Because capital projects are individually approved, funding may not be changed, or projects substantially altered without the prior approval of Council.

Council shall review and authorize any purchase not approved in the Budget that has the potential to affect the direction or financial results (\$10,000 or greater) of the Town.

All authorization signatures will be made in blue ink to facilitate ensuring the authenticity of the signature.

Authorization Limits

Authorization limits set the level of obligation an employee may commit the Town to, or authorize the release of funds for payment. Authorization limits are provided in Appendix A.

Generally the authorization limits are set according to title. However as various departments have significantly different budgets certain positions may be given higher authorization limits than others with the same title. The highest authorization limits require multiple signatures to constitute acceptance of an obligation, or approval to release funds.

Exception

1. Unless otherwise specified, exceptions could include:
 - a. Supervisors, managers or directors who, due to the requirements of their job description, have been granted an authorization limit for spending in excess of the general authorization limits indicated in Appendix A.
 - b. Supervisors, managers or directors who have been appointed to 'Act' in a more superior position, and by way of that appointment are granted an authorization limit in excess of the general authorization limits in Appendix A.

In either of the above circumstances, an 'Authorization Limit Exception Form' (Appendix B) must be completed and submitted to the Manager of Financial Services.

2. Managers or directors who are approving for payment any invoices which are authorized under an existing contract for approved projects.

Responsibilities:

- a. Town Council to:
 - i. Approve by resolution this policy and any amendments.
 - ii. Consider the allocation of resources for successful implementation of this policy in the annual Budget process.

- b. Chief Administrative Officer to:
 - i. Implement this policy and approve procedures.
 - ii. Lead administration in carrying out implementation plans for this policy.
 - iii. Approve all Procurement contracts on behalf of the Town.
 - iv. Ensure that no payments are made without the appropriate authorization.
 - v. Approve any exceptions to this policy.

- c. Director of Legislative and Administrative Services to:
 - i. Maintain a complete original copy of this policy and related procedures.
 - ii. Ensure this policy and related procedures are accessible to all departments and interested parties in a timely manner.
 - iii. Ensure this policy and related procedures are reviewed in accordance with Policy PRO-08-100 – Developing Policies and Procedures.

- d. Directors and/or Managers of the Department to:
 - i. Enter into Procurement contracts on behalf of the Town.
 - ii. Coordinate Procurement record keeping (RFP documentation, quotes, etc.) and retention of records for a period of seven years for auditing purposes.
 - iii. Ensure implementation of this policy and related procedures.

- e. Chief Financial Officer to:
 - i. Approve any exceptions to this policy.
 - ii. Make recommendations to the Chief Administrative Officer of necessary policy or procedure amendments.

- f. Purchasing Agent to:
 - i. Enter into Procurement contracts on behalf of the Town as requested by the Initiating Department.
 - ii. Coordinate Procurement record keeping (RFP documentation, quotes, etc.) and retention of records for a period of seven years for auditing purposes.
 - iii. Ensure implementation of this policy and related procedures.
 - iv. Provide guidance and direction to the parties responsible for the implementation of this policy and related procedures, as required.

- g. Manager of Financial Services to:
 - i. Ensure that no payments are made without the appropriate authorization.
 - ii. Provide guidance and direction to the parties responsible for the implementation of this policy and related procedures, as required.

- h. All Employees to:
 - i. Obtain appropriate authorization and use appropriate processes for the Procurement of Goods and Services.

General Procurement Specification

- a. The accuracy and appropriateness of the specifications is the responsibility of the Initiating Department.
- b. The Initiating Department begins the Procurement process by identifying and documenting the specifications and applicable supplemental conditions.
- c. The Purchasing Agent shall be permitted to review any specifications or special conditions to ensure compliance with applicable laws, trade regulations and other requirements. Any regulatory non-compliance discovered by The Purchasing Agent shall be discussed with the Initiating Department and both Purchasing Agent and the Initiating Department are responsible for working collaboratively to finalize acceptable specifications and/or supplemental conditions (if applicable).
- d. Purchasing Agent will provide guidance to the Initiating Department in drafting suitable specifications, when requested, based upon the identified requirements of the Initiating Department. As a general rule, procurements with a high dollar value or high risk require specifications that are highly detailed.
- e. The Initiating Department is responsible for identifying which specifications and supplemental conditions are critical and ensuring that the evaluation matrix decision selection criteria reflect this priority, Vendor selection criteria shall be clearly defined and shall be directly related to the specifications and supplemental conditions.
- f. Each Procurement agreement for provision of Goods and Services entered into by the Town will:
 - i. Include a means for ensuring performance commitments are met by the Vendor;
 - ii. Include a method for dealing with non-performance; and that the non-performance provisions are appropriate to the magnitude of the agreement;
 - iii. Ensure all reasonable risk will be carried by the Vendor, including suitable liability insurance, security, and bonding as appropriate.
 - iv. Purchasing decisions shall be made to ensure best value.
 - v. In the absence of evaluation criteria, lowest price will be deemed the determining factor.

Vendor Selection Criteria

The Purchasing Agent and the Initiating Department are responsible for selecting the Vendor of its choosing. Criteria that can be used include:

- a. Price
- b. Delivery schedule
- c. Quality
- d. Warranty
- e. Environmental and fair trade/ethical considerations
- f. Qualifications
- g. Experience
- h. Service
- i. Others, as appropriate

Procurement of \$0 - \$5,000

- a. Verbal or written quotations from one or more Vendor.
- b. A verbal or written Request for Proposal may be used.

Procurement of \$5,000 - \$75,000

- a. Three written quotations or proposals from Vendors where practical and advantageous to the Town.
- b. Formally issue Tender or Request for Proposal documents to a minimum of three suppliers or publicly tender where practical and advantageous to the Town.

Procurement of \$75,000 or Greater

The Purchasing Agent and Initiating Department shall:

- a. Determine the appropriate method of Procurement – Request for Quotation, Request for Proposals, or Invitation to Tender.
- b. Determine and document the selection criteria, which shall normally be included in the written specifications.
- c. Advertise and initiate contact with potential Vendors, providing them with the written specifications, and requesting submissions.
- d. Obtain a minimum of three written quotes, proposals, tenders, or bids when possible.
- e. Provide each Vendor with identical information.
- f. Document the attempt to obtain three (3) quotes and provide a detailed explanation if less than three (3) quotes are received.

Evaluation and Selection Process

The Purchasing Agent shall:

- a. Evaluate the quotes based on the selection criteria.
- b. Obtain all necessary approvals within the Initiating Department.
- c. For any procurement of \$75,000 or greater a comprehensive assessment of the proposals, quotations, tenders or bids, including conformity to the proposal or tender call, confirmation of all bid calculations, and confirmation of adherence to bonding requirements, will be undertaken. A written report summarizing the results and confirming the process for payment of the Vendor shall be prepared or provided to the Manager of Financial Services.
- d. Forward all documentation to the Manager of Financial Services.
- e. All documentation pertaining to the Procurement shall be retained by the Purchasing Agent in accordance to the Records Retention Policy.
- f. The Purchasing Agent will obtain permission from the Manager of Financial Services prior to proceeding with the Procurement where only one (1) quote was received.

Purchase Method

- a. The preferred method of payment for purchases less than \$5,000 shall be with the purchasing card.
- b. The Purchasing Agent shall create the purchase order once all additional information has been received and validated, as required.
- c. The Purchasing Agent shall dispatch the purchase order to the Vendor for purchase of the Goods and Services.
- d. Non-purchase order payment is not recommended but may be allowed in limited circumstances as approved by the Manager of Financial Services prior to Procurement.

Receipt of Goods and Services

- a. The Purchasing Agent is responsible for ensuring that delivery of the Goods and Services is in accordance with the Procurement terms agreed to with the Vendor.
- b. Any disputes between Initiating Department and/or Purchasing Agent and Vendor shall be managed in accordance with direction from the Manager of Financial Services.

Opportunity Notification

Opportunities for Procurement of Goods and Services of less than or equal to \$75,000 will be advertised at the discretion of and in the manner deemed appropriate by the Purchasing Agent.

All opportunities over \$75,000 for Goods and Services and over \$200,000 for construction contracts will be advertised in a local media and/or on the Alberta Purchasing Connection website.

In addition to this requirement, the Purchasing Agent may choose to send email notification or other written notification of Request for Proposals, or Request for Quotes, or Invitation to Tender which are advertised by the Town.

Sole Source

The Purchasing Agent must obtain written approval of the Sole Source acquisition by the CAO for exceptions to the requirement for quotations and proposals within this procedure. The Town identifies such instances as:

- a. Where the compatibility of Procurement with existing equipment, facilities or service is a paramount consideration and the Procurement must be made from a single source.
- b. Where an item is purchased for testing or trial use.
- c. Notwithstanding anything in this procedure, where a Procurement is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Town.
- d. Where the only Vendor is a department, agency, or utility of the federal, provincial, regional, or municipal government.
- e. Where the Procurement is of a highly specialized nature and the Town has taken steps to determine that it is available from only one Vendor.

Emergency Procurement

- a. During a local state of emergency as defined by the Town's Emergency bylaw, the Director or Deputy Director of Emergency Management may authorize the emergency expenditure of funds.
- b. Emergency purchases should only be made when the application of approved procedures would result in undue delay and exacerbate the situation.
- c. In cases of emergency as determined by the Director or Deputy Director of Emergency Management, the purchase of goods, services or construction is authorized without issuing a call for bids.
- d. The Director or Deputy Director of Emergency Management, Manager of Financial Services or Chief Financial Officer will advise Council of the expenditures at the earliest opportunity.

Prohibitions

The following activities are prohibited, unless specifically approved by Council:

- a. The division of purchases to avoid the requirements of this policy by any method, including purchasing card.
- b. Procurement by any employee or member of Council of any Goods and Services for personal use.
- c. An employee shall not accept a gift or favor from any individual, organization or corporation, other than: the normal exchange of gifts between friends; the normal exchange of hospitality between persons doing business together, tokens exchanged as part of protocol; or the normal presentation of gifts to persons participating in public functions.
- d. Procurement by the Town from any member of Council or Town employee immediate families or other source except when the Procurement is at competitive prices and the Vendor is a dealer in those Goods and Services and which Procurement is incidental or in the ordinary course of the business for the Vendor.

Exceptions

The Chief Administrative Officer or the Chief Financial Officer must approve any exceptions to this policy.

Approval

This policy shall come into force and effect upon adoption by Council at a Regular or Special Meeting.

September 23, 2013 Regular Meeting of Council
Resolution #414/2013

MAYOR/DEPUTY MAYOR

CHIEF ADMINISTRATIVE OFFICER/
DIRECTOR OF LEGISLATIVE AND ADMINISTRATIVE SERVICES

DATE

Appendix A
Authorization Limits/Procurement Procedure – Levels of Responsibility

Purchases of: 1. Materials & Supplies 2. Vehicles & Equipment 3. Service Contracts 4. Construction Contracts 5. Consulting Services	Title of Person Authorizing	Quotation or Public Tender	Advertising Requirements
Up to \$5,000	Purchasing Agent or Supervisor (all unless otherwise specified)	Verbal or written quotations from one or more Vendor. A verbal or written Request for Proposal may be used.	At discretion of Purchasing Agent to invite bidders or advertise electronically opportunities
Over \$5,000 but not exceeding \$25,000	Purchasing Agent or Manager (all unless otherwise specified)	Three written quotations or proposal from Vendors are required. Formally Issue Tender or RFP documents to a minimum of three suppliers or publicly tender.	At Discretion of Purchasing Agent and Initiating Department to invite bidders or advertise in local media and/ or on the Alberta Purchasing Connection Website.
Over \$25,000 but not exceeding \$75,000	Director (all unless otherwise specified)	Public Tender Request for Proposal Request for Quotation	Opportunities will be advertised in a local media and/ or on the Alberta Purchasing Connection Website and/or Towns website
Over \$75,000 but not exceeding \$250,000	Director and CAO or CFO	Public Tender Request for Proposal Request for Quotation	Opportunities will be advertised in a local media and/ or on the Alberta Purchasing Connection Website and/or Towns website
Over \$250,000	CAO and CFO	Public Tender Request for Proposal Request for Quotation	Opportunities will be advertised in a local media and/ or on the Alberta Purchasing Connection Website and/or Towns website



Appendix B
Authorization Limit Exception Form

This form is to be completed to grant a permanent or temporary exception to the Authorization Limits as specified in the Procurement Policy (POL-16-108-01-00).

Temporary Authorization Limit Exception

_____ [Employee Name]

_____ [Position]

who will be 'Acting' in the position of

_____ is granted an Authorization Limit of
[Position]

\$ _____ for the period of _____ to _____.
[dollar value] [Date] [Date]

_____ DIRECTOR

_____ CHIEF ADMINISTRATIVE OFFICER

Permanent Authorization Limit Exception

The position of _____ is granted an Authorization Limit of
[Position]

_____ due to the requirements of their job description.
[dollar value]

_____ DIRECTOR

_____ CHIEF ADMINISTRATIVE OFFICER